



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #321

Manufacturing and Agriculture Tax Credit Modification (General Fund Taxes -- Income and Franchise Taxes)

[LFB 2015-17 Budget Summary: Page 183, #15]

CURRENT LAW

The manufacturing and agriculture tax credit will be equal to 7.5% of eligible production activities income from Wisconsin-based assets once fully phased in in tax year 2016. To determine a claimant's agriculture property factor (which determines the eligible production activities income from Wisconsin-based assets), the claimant's average value of real property and improvements that are assessed and valued under state property tax law as agriculture property used in Wisconsin to produce, grow, or extract qualified production property is divided by the average value of all of the claimant's real property and improvements used to produce, grow, or extract qualified production property.

GOVERNOR

Broaden the class of Wisconsin-based assets that could be used in the numerator of the claimant's agriculture property factor to include real assets and property assessed and valued under state property tax law as undeveloped, agricultural, forest, productive forest land, or other.

MODIFICATION

Delete the Governor's provision.

Explanation: The administration indicates that the provision was inadvertently included in the bill. The modification would maintain current law and more accurately reflect the administration's intent.

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